

# Mecklenburg County

## Quarterly Economic Update



January 2020

Michael B. Simmons  
County Economist  
Mecklenburg County



## Table of Contents

<b>National Summary .....</b>	<b>2</b>
<b>Local Summary.....</b>	<b>3</b>
<b>Gross Domestic Product.....</b>	<b>4</b>
<b>Employment.....</b>	<b>5</b>
<b>Industry Employment Composition .....</b>	<b>6</b>
<b>Wages and Earnings .....</b>	<b>7</b>
<b>Inflation .....</b>	<b>8</b>
<b>Consumer Sentiment.....</b>	<b>9</b>
<b>Leading Economic Indicator (LEI).....</b>	<b>10</b>
<b>Sales Taxes.....</b>	<b>11</b>
<b>Mecklenburg County Office Market Statistics .....</b>	<b>13</b>
<b>Mecklenburg Warehouse Market Statistics .....</b>	<b>17</b>
<b>Mecklenburg County Housing Market Statistics .....</b>	<b>20</b>

## Report Summary

The US economy is starting the year off in a much better position compared to last year. Last year in January, the economy was feeling the effects of the government shutdown and rising trade tensions between the US and China. The stock market had experienced a correction in December 2018 and the housing market appeared to be growing at a slower pace than the previous year.

Fortunately, the Federal government reached a budget deal, and trade negotiations with China improved. The US is making progress with the signing of the Phase 1 trade agreement with China, and uncertainty surrounding trade was also lowered by the recent passage of the United States Mexico Canada Agreement (USMCA).

Unemployment is currently near record lows and core inflation is relatively low. The Fed is projected to hold interest rates between 1.5 – 1.75% through 2020. Interest rates on mortgages are low which is driving some of the housing market activity within the County.

Overall, Americans are feeling optimistic about the economy as the consumer sentiment index is just slightly lower than its highest reading of the current expansion cycle. All-in-all the fundamentals surrounding the economy are sound.

*Note: Unless otherwise noted all dates and charts refer to calendar year*

## National Summary

The nation's GDP grew at 2.1% in the fourth quarter, with GDP growth expected to average 2.1% in 2020 and 2.3% in 2021.



- Non-seasonally adjusted unemployment for the nation was 3.4% in December.
- US nonfarm payroll employment increased by 145,000 in August.
- The Consumer Sentiment Index posted its fifth straight monthly increase in January with consumer sentiment reaching 99.8, slightly below the current expansions peak of 101.4.
- The uncertainty around trade has diminished recently with the signing of the US China Phase-1 trade agreement and the passage of the USMCA.

National Summary	Most Recent	Current Level	1 Yr Ago	5 Yr Ago	10 Yr Ago
Real GDP Growth	Q4 2019	2.1%	1.1%	2.3%	4.5%
Points Variance			1.0%	-0.2%	-2.4%
US Nonfarm Payroll	Dec-19	145,000	227,000	313,000	-269,000
Percentage Change			63.9%	46.3%	-53.9%
CPI-U	Dec-19	1.61%	1.78%	0.77%	2.19%
Points Variance			0.2%	-0.8%	0.6%
Consumer Sentiment	Jan-20	99.8	91.2	98.1	74.4
Points Variance			8.6	1.7	25.4
US Leading Index	Nov-19	1.37%	1.16%	1.78%	0.41%
Points Variance			0.2%	-0.4%	1.0%
National Gas Prices	Dec-19	\$ 2.56	\$2.37	\$2.54	\$2.61
\$ Variance			-\$0.19	-\$0.02	\$0.06

*Notes: Green highlights above show improving statistics; red areas show declining statistics. Consumer Price Index for Urban Consumers (CPI-U) was not given a color ranking as inflation should be looked at relative to target inflation. Year over Year (YoY) points refer to percentage point variance. All YoY numbers are expressed in terms of the last update received. i.e. If the last available update was FY 2019 then the YoY will compare to FY 2018. References to specific dates indicates the YoY is calculated from that date.*

## Local Summary

- The unemployment rate in November for Mecklenburg is below both the US and North Carolina at 3.2%.
- Sales tax collections for the first four months of the fiscal year are up 9.7% from the previous fiscal year. Performance is driven by lower refunds than last year refunding in first four months was down 47%.
- The housing market closed the year with housing prices up 6.9% at \$341,778. Housing activity picked up mid-2019 and remains strong.
- In the third quarter of calendar year 2019, construction in the office and warehouse markets is booming with 3.0 million square foot in the office market and 3.3 million square foot of new space in the warehouse market under construction.



Local Summary	Most Recent	Current Level	1 Yr Ago	5 Yr Ago	10 Yr Ago
Mecklenburg Population Level	FY 2018	1,093,901	1,077,311	990,785	891,819
Percentage Change			1.5%	10.4%	22.7%
Mecklenburg Poverty Population	FY 2018	126,098	120,634	150,572	95,508
Percentage Change			4.5%	-16.3%	32.0%
Mecklenburg Poverty Population %	FY 2018	11.5%	11.2%	15.2%	10.7%
Points Variance			0.3%	-3.7%	0.8%
Mecklenburg Unemployment Rate	Nov-19	3.2%	3.6%	5.8%	10.6%
Points Variance			-0.4%	-2.6%	-7.4%

Notes: Green highlights above show periods of positive results; red areas show declining results.

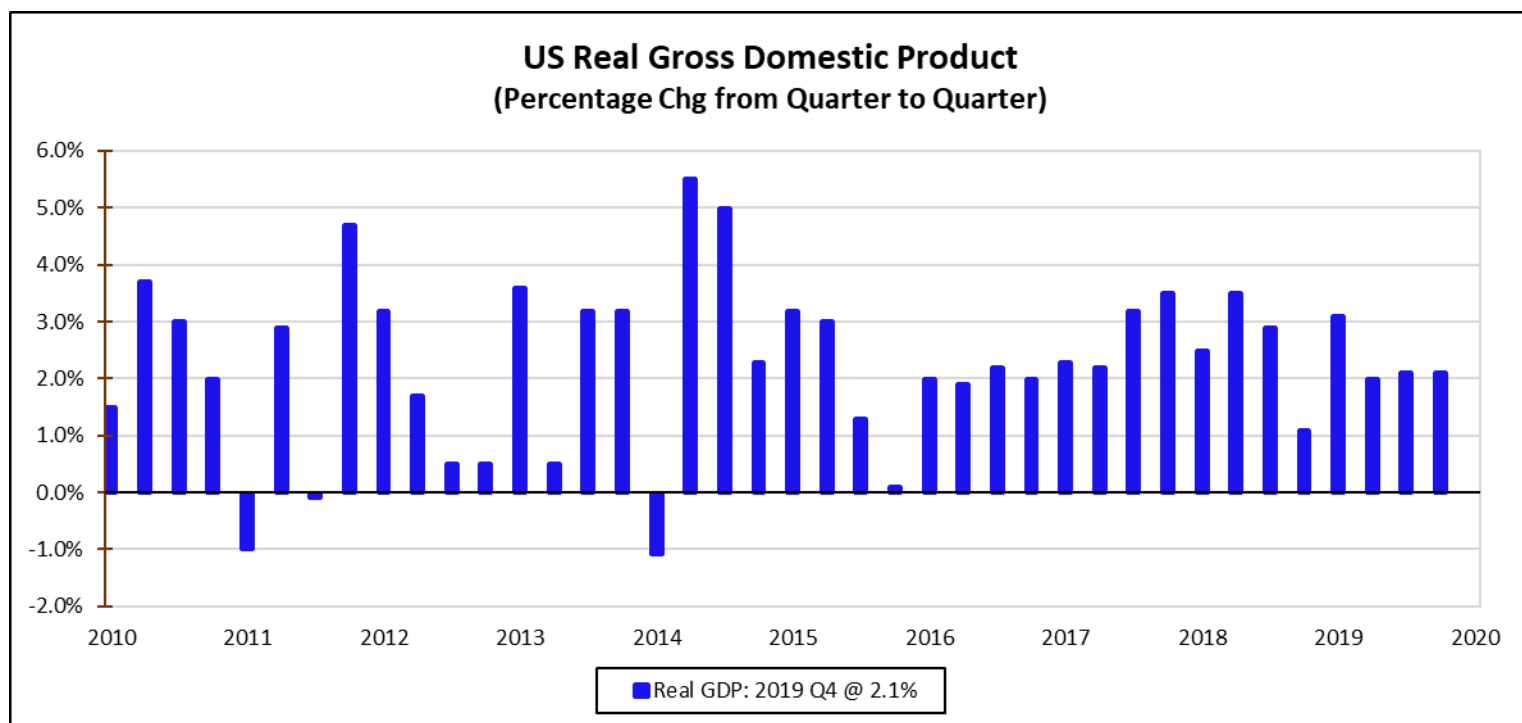
## Gross Domestic Product

*The US economy grew 2.3% during 2019. Fourth quarter GDP was up 2.1%.*

The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures, federal government spending, state and local government spending, residential fixed investment, and exports. These were partly offset by negative contributions from private inventory investment and nonresidential fixed investment.

For the year GDP increased 2.3% compared with an increase of 2.9% in 2018. The deceleration from 2018 can be contributed to lower contributions from personal consumption expenditures, nonresidential fixed investments and a downturn in exports.

Both 2020 and 2021 are projected to grow at 2.1% and 2.3% respectively. However, this projection assumes status quo of no improvements nor setbacks in US / China trade. It also assumes the coronavirus becomes contained without significantly spreading or worsening.



Source: Bureau of Economic Analysis

## Employment

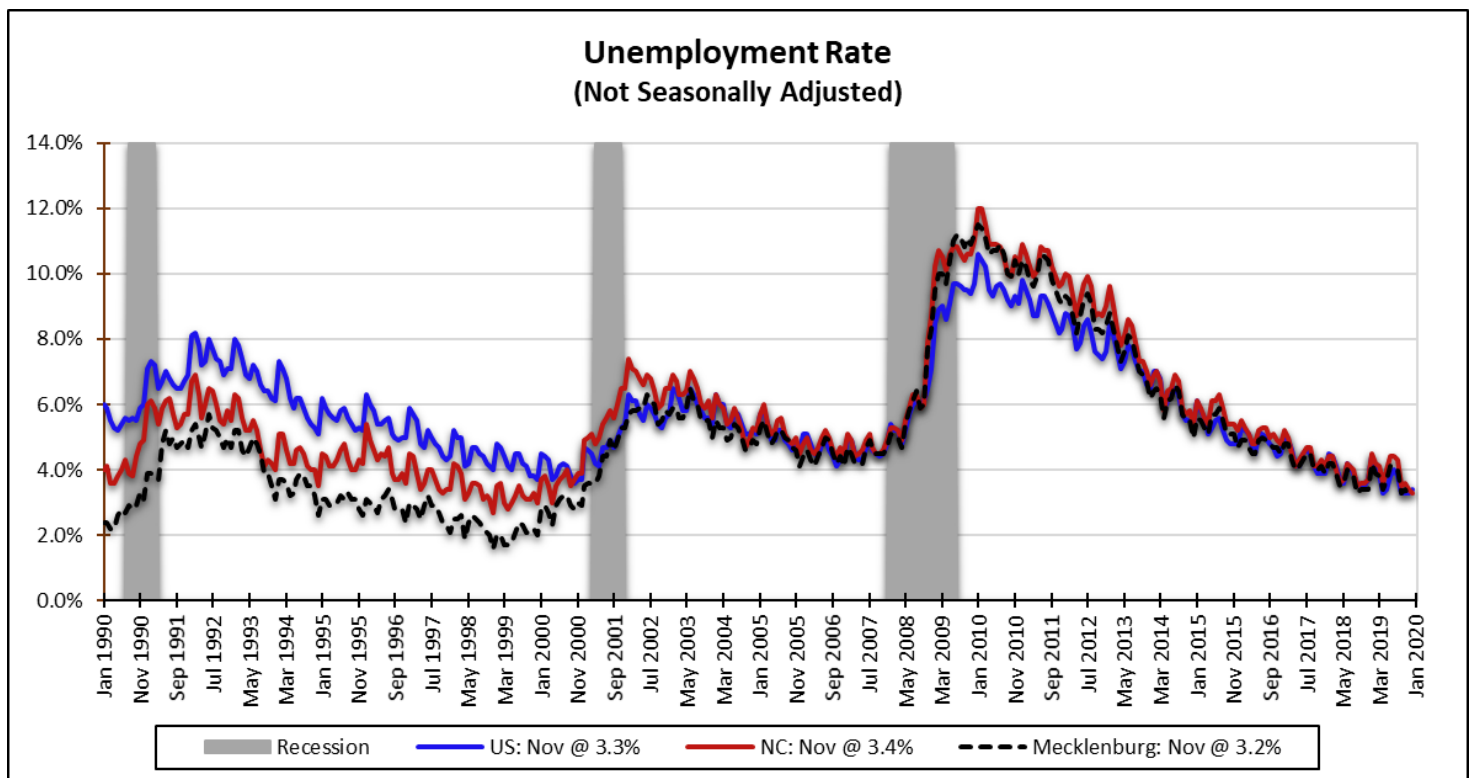
*Total nonfarm payroll employment rose by 145,000 in December, and the unemployment rate was unchanged at 3.5%*

Total nonfarm payroll employment rose by 145,000 in December. Notable job gains occurred in retail trade and health care, while mining lost jobs. In 2019, payroll employment rose by 2.1 million, down from a gain of 2.7 million in 2018.

Unemployment Rates as of November 2019 (non-seasonally adjusted)

US	3.3%
NC	3.4%
Mecklenburg County	3.2%

The unemployment rate remains near historic lows for both Mecklenburg County and that State we are at the lowest unemployment levels since 1999 - 2000. Nationally, unemployment is the lowest it's been since 1969.



## Industry Employment Composition

*In 2018, the finance and insurance industry grew 0.3% adding 3,210 jobs. The total jobs added from 2017 to 2018 was 15,344.*

Mecklenburg County added 15,344 jobs in 2018. The top five industries shown below contributed 70% of the total jobs for the year. Mecklenburg's largest industry remains the Healthcare and social services industry which comprises 11.5%. For the year only wholesale trade showed a decrease in jobs for the year.

### Mecklenburg County Employment Composition Comparisons

NAICS Code	Industry	Average Employment			Jobs
		2017	2018	% ppts chg	Created/lost
52	Finance and Insurance	9.1%	9.3%	0.3%	3,210
54	Professional Scientific and Technical Services	8.2%	8.3%	0.1%	2,003
72	Accommodation and Food Services	9.0%	9.1%	0.1%	1,916
56	Administrative and Support and Waste Management and Remediation Services	9.0%	9.1%	0.1%	1,819
62	Health Care and Social Assistance	11.5%	11.5%	0.0%	1,735
23	Construction	4.8%	4.9%	0.1%	1,336
51	Information	3.4%	3.5%	0.1%	1,102
48	Transportation and Warehousing	5.5%	5.6%	0.0%	1,041
71	Arts Entertainment and Recreation	2.3%	2.4%	0.1%	996
53	Real Estate and Rental and Leasing	1.9%	2.0%	0.0%	638
81	Other Services (except Public Administration)	2.6%	2.6%	0.0%	637
22	Utilities	0.3%	0.3%	0.1%	535
55	Management of Companies and Enterprises	4.4%	4.4%	0.0%	488
92	Public Administration	2.6%	2.6%	0.0%	415
31	Manufacturing	4.9%	4.9%	-0.1%	411
44	Retail Trade	9.5%	9.3%	-0.2%	163
61	Educational Services	5.0%	5.0%	-0.1%	161
21	Mining	0.0%	0.0%	0.0%	-
11	Agriculture Forestry Fishing and Hunting	0.0%	0.0%	0.0%	-
42	Wholesale Trade	5.8%	5.2%	-0.6%	(3,262)
<b>Grand Total</b>		<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>15,344</b>

Source: Quarterly Census Employment and Wages (QCEW)

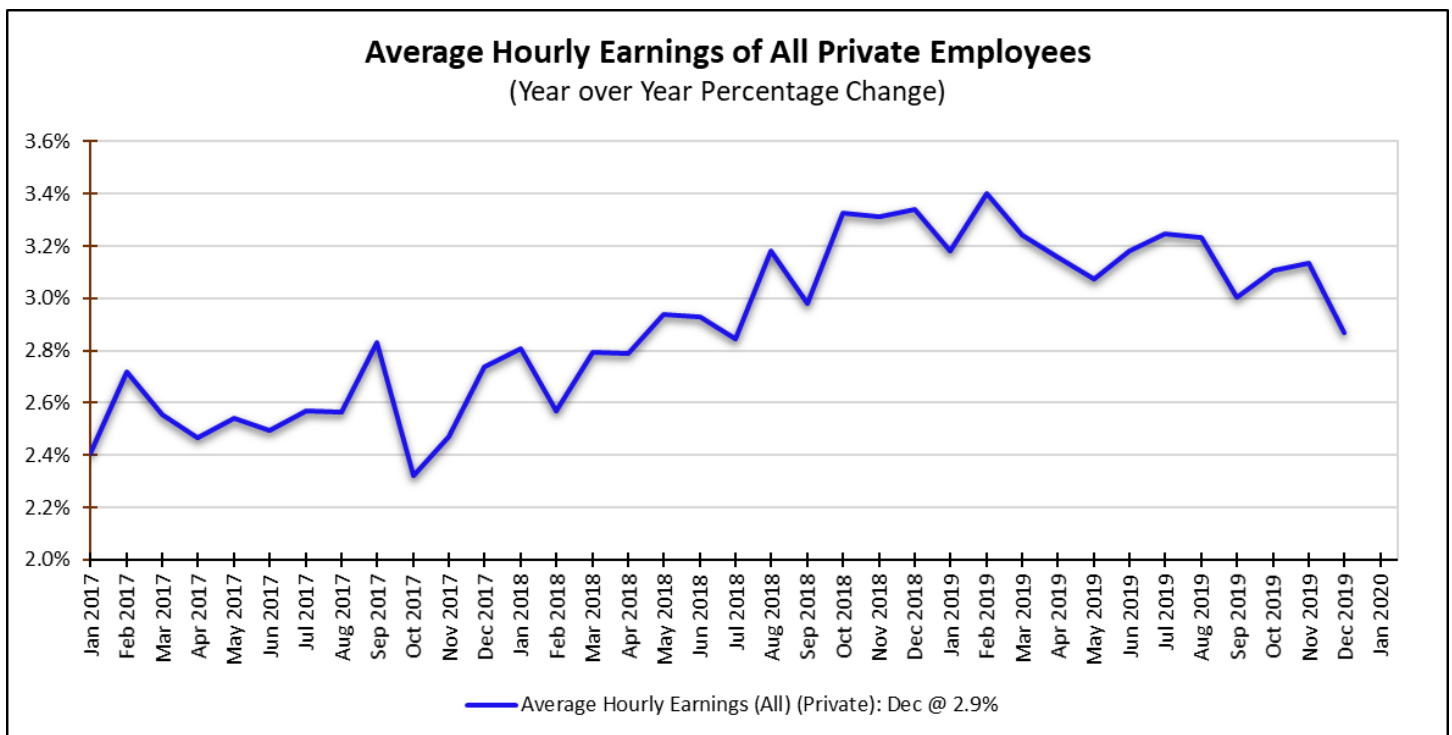


## Wages and Earnings

*Wages have decelerated through 2019 but are expected to increase in the coming months.*

In December, average hourly earnings for all employees on private nonfarm payrolls rose by 3 cents to \$28.32. Over the last 12 months, average hourly earnings have increased by 2.9%. Growth in wages in 2019 have shown to be decelerating over the year. With the signing of the trade agreements with China as well as the other with Mexico and Canada it is likely given how tight the labor markets are that industries affected by tariffs will increase wages now that most of the uncertainty over trade has been resolved.

The average workweek for all employees on private nonfarm payrolls was unchanged at 34.3 hours in December. In manufacturing, the average workweek and overtime remained at 40.5 hours and 3.2 hours, respectively. The average workweek of private-sector production and nonsupervisory employees held at 33.5 hours.



Source: Bureau of Labor Statistics and NC Commerce Dept

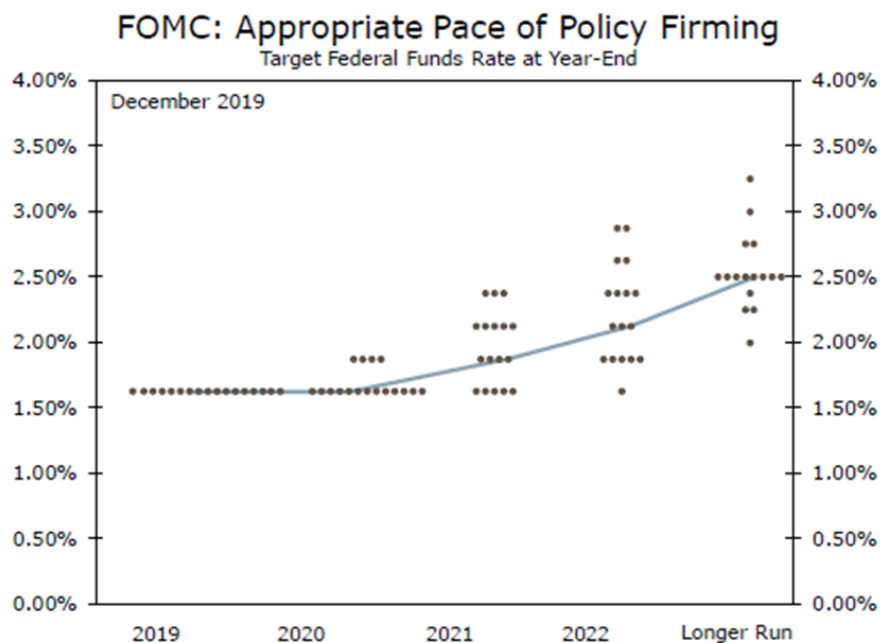
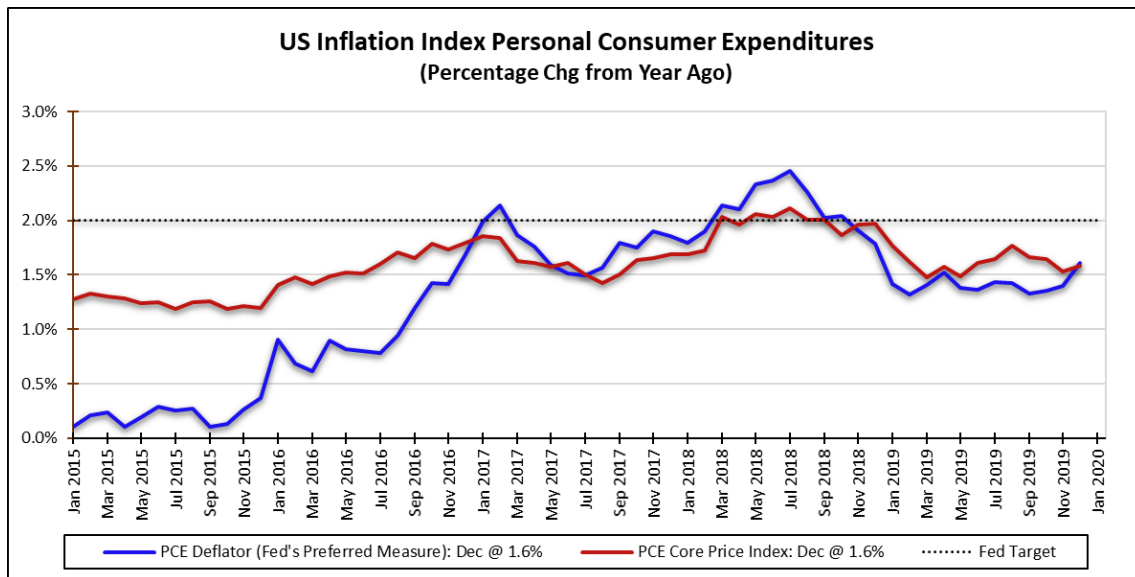


## Inflation

*Since its recent peak in 2018, inflation has fallen but has started to pick-up in the past two months and is expected to move closer to the 2% Fed target in the coming months.*

The personal consumer expenditure inflation index climbed to 1.6% for the year, the highest in a year. However, the 1.6% growth in inflation is still below the Fed's target inflation rate of 2%. Inflation is expected to continue to increase in the coming months, and unless inflation breaks to the upside above the target the Fed will continue to hold the Fed funds rate at its current 1.50 – 1.75% range.

The current Fed dot plot from December's meeting reflects these inflation expectations and are a driving reason behind the Fed's forecast to hold rates steady through 2020.

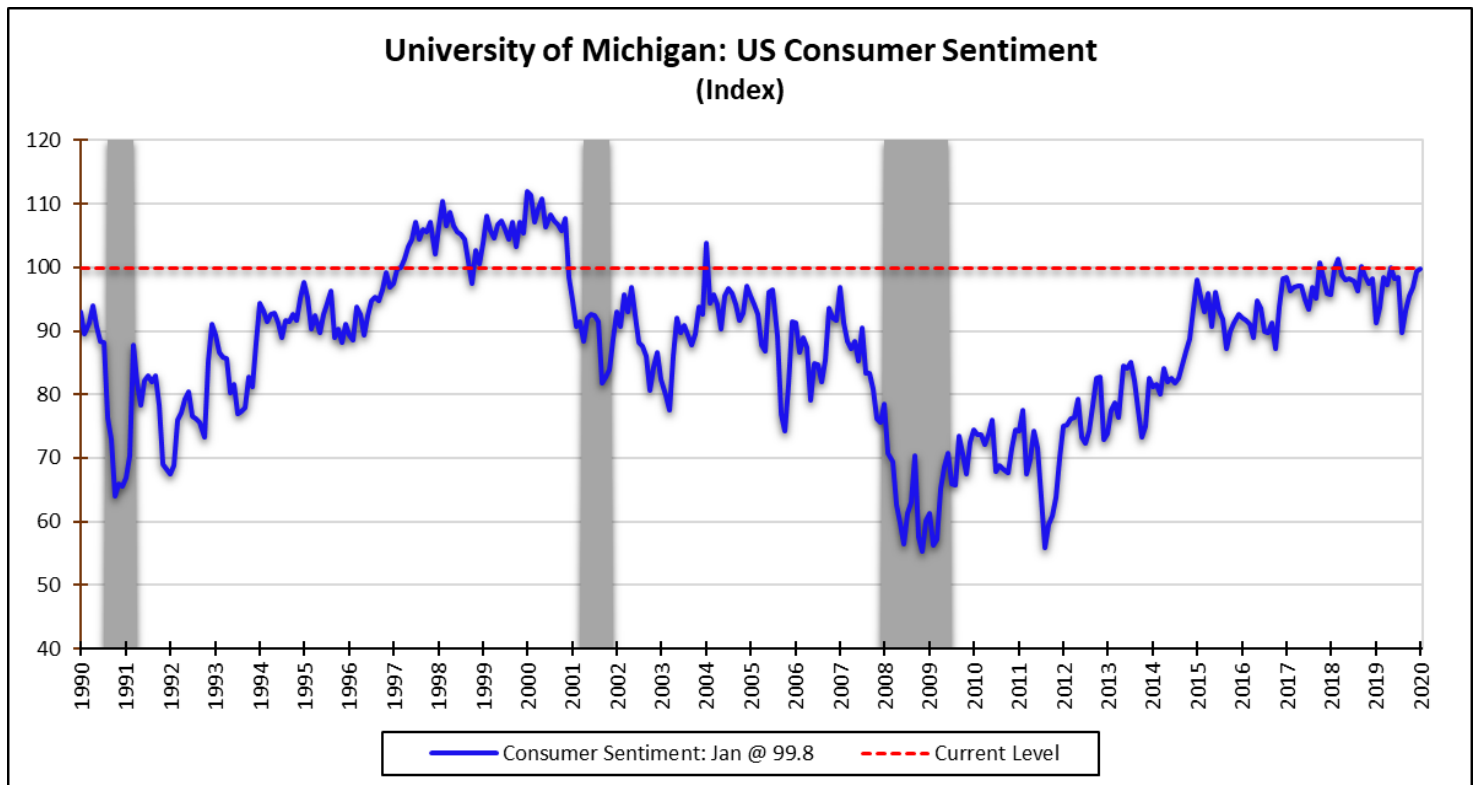


## Consumer Sentiment

*Americans are feeling great about the economy as consumer sentiment hit 99.8 in January, its fifth straight monthly increase.*

The Consumer Sentiment Index posted its fifth straight monthly increase in January with consumer sentiment reaching 99.8 which is slightly below the current expansions peak of 101.4. The readings are unusual given that the overall pace of growth in the economy is much slower than the prior 3% growth in GDP. There are other factors such as the impeachment hearings and coronavirus that researchers would typically expect to show up negatively impacting the index. However, it seems that record low unemployment, record gains in income and wealth, as well as near record lows in inflation and interest rates have caused individuals to shrug off other factors.

Gains in personal finances were reported by 53% of all consumers in January, exactly equal to the 2018 and 2019 averages--the highest two years in the past half century. Combined net changes in household income and wealth were cited in 40% of all mentions in January, comparable to the 1966 and 2000 peaks.



Source: University of Michigan

## Leading Economic Indicator (LEI)

*The LEI's current level supports 2% growth in 2020.*

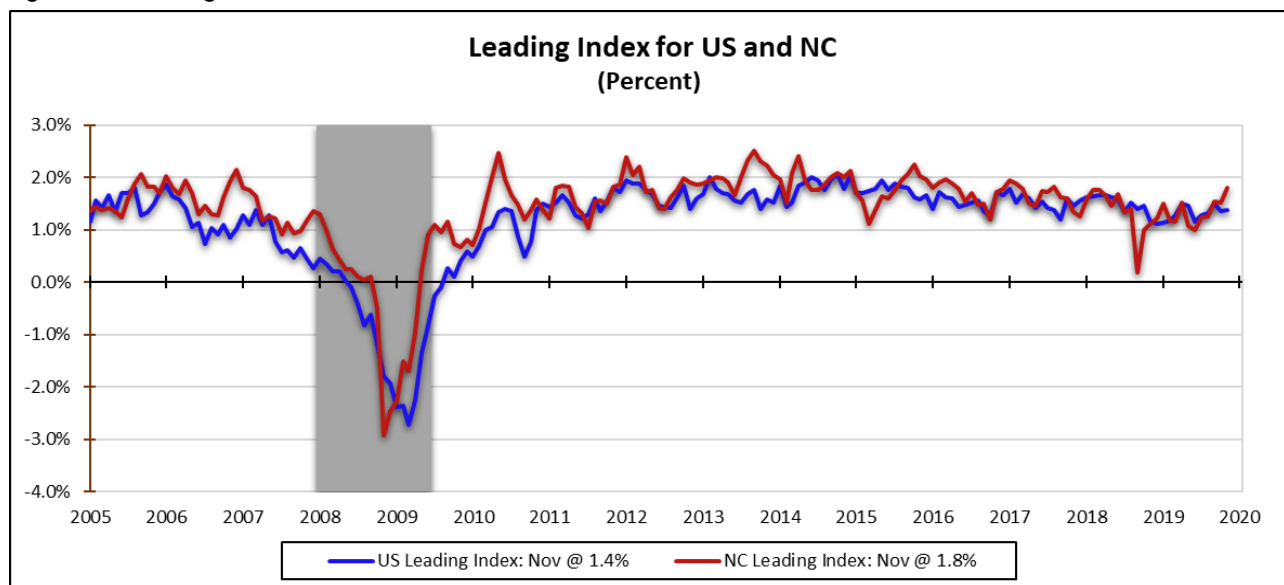
The Conference Board Leading Economic Index® (LEI) for the U.S. declined 0.3% in December to 111.2 (2016 = 100), following a 0.1% increase in November, and a 0.2% decline in October.

“The US LEI declined slightly in December, driven by large negative contributions from rising unemployment insurance claims and a drop in housing permits,” said Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board. “The LEI has now declined in four out of the last five months. Its six-month growth rate turned slightly more negative in the final quarter of 2019, with the manufacturing indicators pointing to continued weakness in the sector. However, financial conditions and consumers’ outlook for the economy remain positive, which should support growth of about 2% through early 2020.” About *The Conference Board Leading Economic Index® (LEI)* for the US:

The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because they smooth out some of the volatility of individual components.

The ten components of The Conference Board Leading Economic Index® for the US include:

- Average weekly hours, manufacturing
- Average weekly initial claims for unemployment insurance
- Manufacturers’ new orders, consumer goods and materials
- ISM® Index of New Orders
- Manufacturers’ new orders, nondefense capital goods excluding aircraft orders
- Building permits, new private housing units
- Stock prices, 500 common stocks
- Leading Credit Index™
- Interest rate spread, 10-year Treasury bonds less federal funds
- Average consumer expectations for business condition



## Sales Taxes

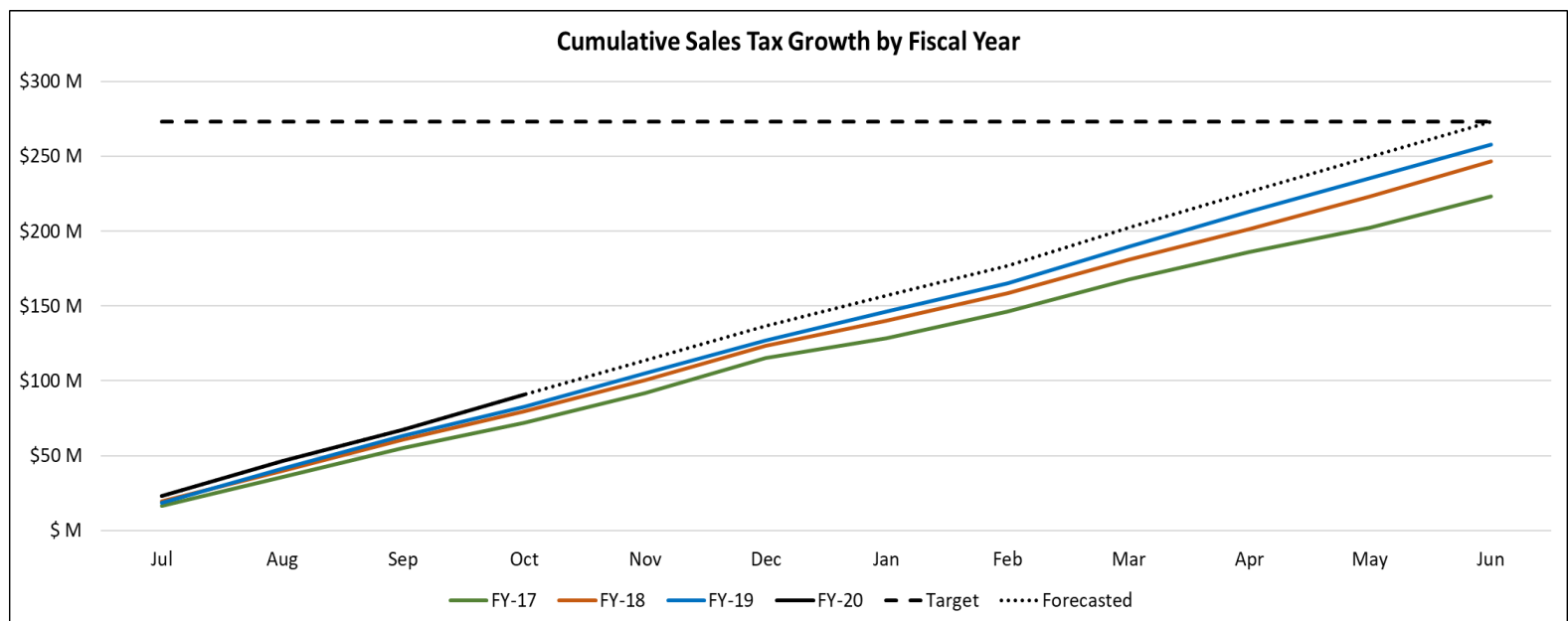
### *Sales taxes are up 9.7% with light refunding activity driving the increase*

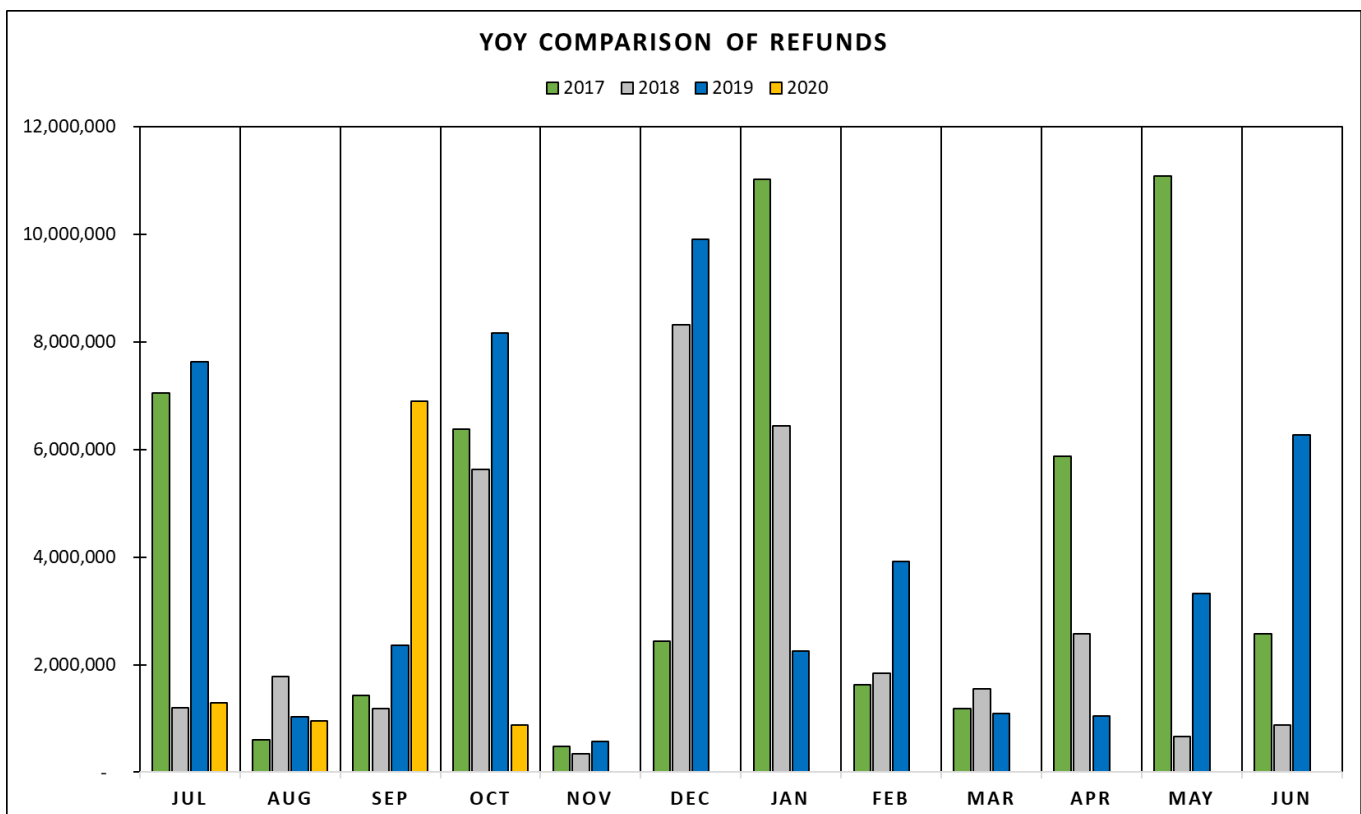
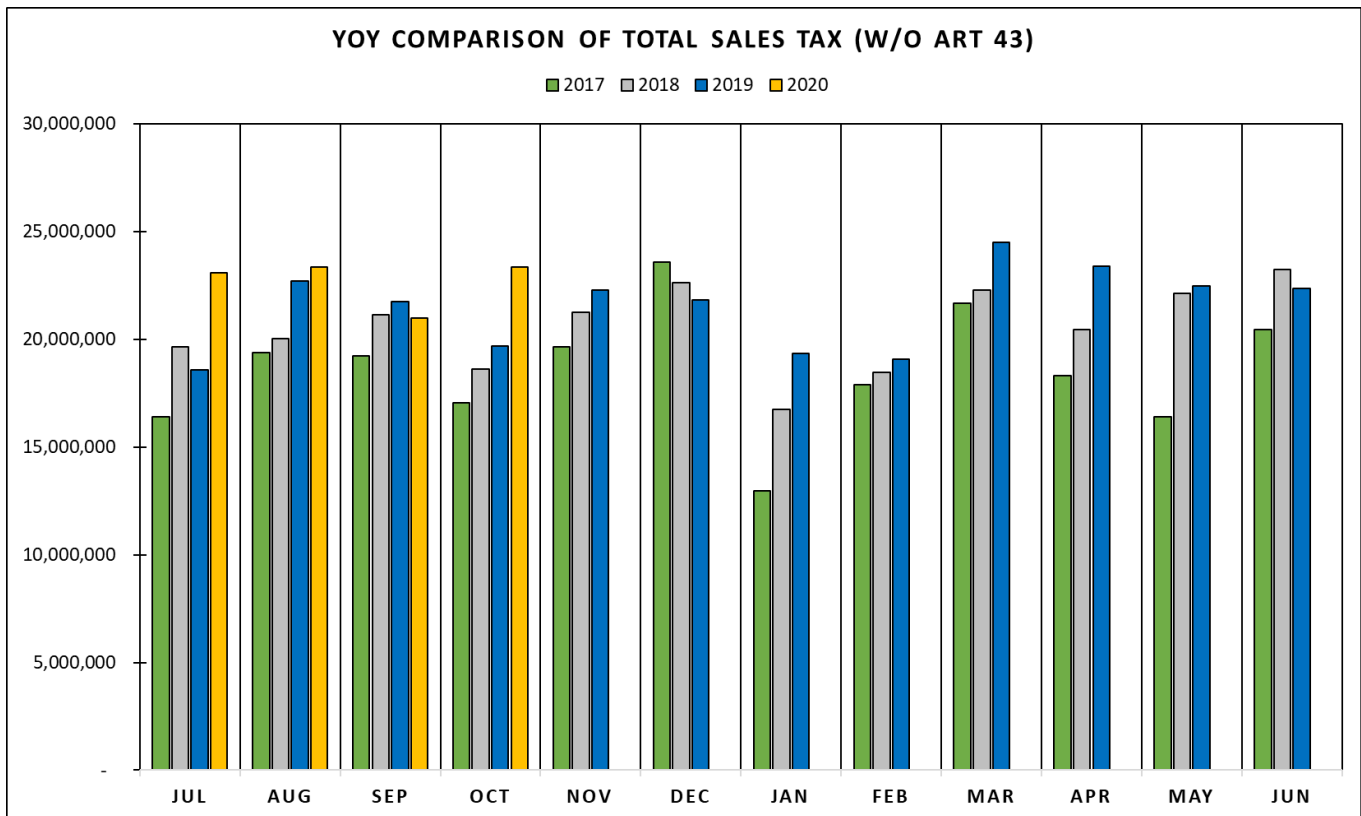
The latest sales tax report has us up 9.7% fiscal year to date, at \$8 M over same time last year with 4 months on the books. Current sales taxes for the County stand at \$90.7 M compared to only \$82.7 M last year. The improvement, however, is due to lower refunds relative to last year, and not increased retail sales. To date refunds this fiscal year are running \$9.1 M less than in 2019—making up the full amount of growth over last year.

You can most easily see this slowing in the overall County Collections. We have been growing collections at a slower pace for most of this year. The good news is that our estimate for sales taxes factored this slowdown as well as lower than last year refunds, and these assumptions both appear to be playing out in early actual performance.

FY	YoY FYTD %^
2013	
2014	4.8%
2015	15.0%
2016	5.4%
2017	7.2%
2018	6.4%
2019	8.6%
2020	4.9% <--- slowest since 2014

The graph below shows the \$273.3 M target as the dashed horizontal line. A growth rate of 4% is needed in the remaining months to reach the target goal.





Source: North Carolina Department of Revenue (NCDOR)

# Mecklenburg County Office Market Statistics

*The office market is one of the fastest growing in the nation*

## Summary

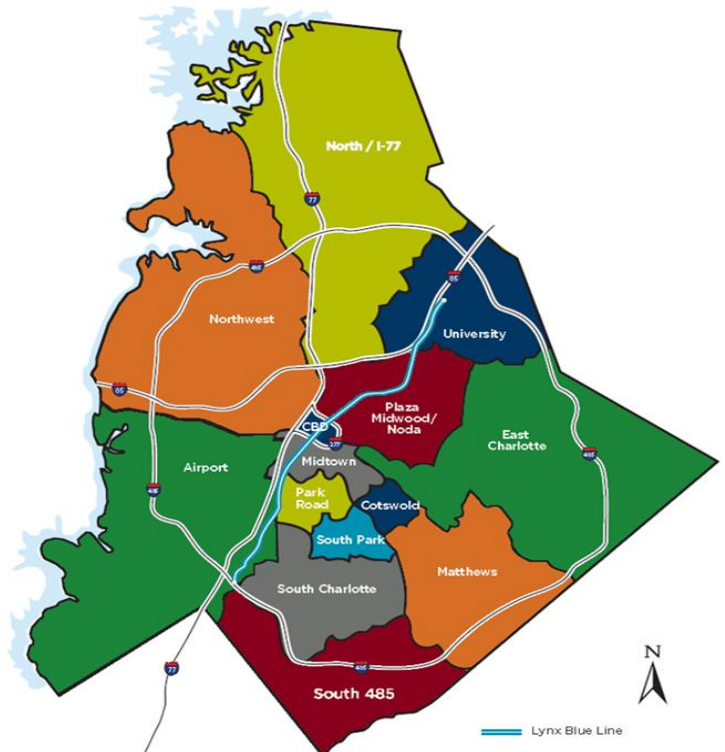
Construction in the County continues to grow with 3.3 million square feet currently under development. Year-to-date the County has delivered 2.6 million square feet of new office space. Even with the vast amount of new space coming online the vacancy rate has surprisingly dropped 100 basis points to 11.2%. This continued growth placed Charlotte second on Business Facilities' annual report for economic growth potential ranking report ahead of Denver CO, but behind Austin TX.

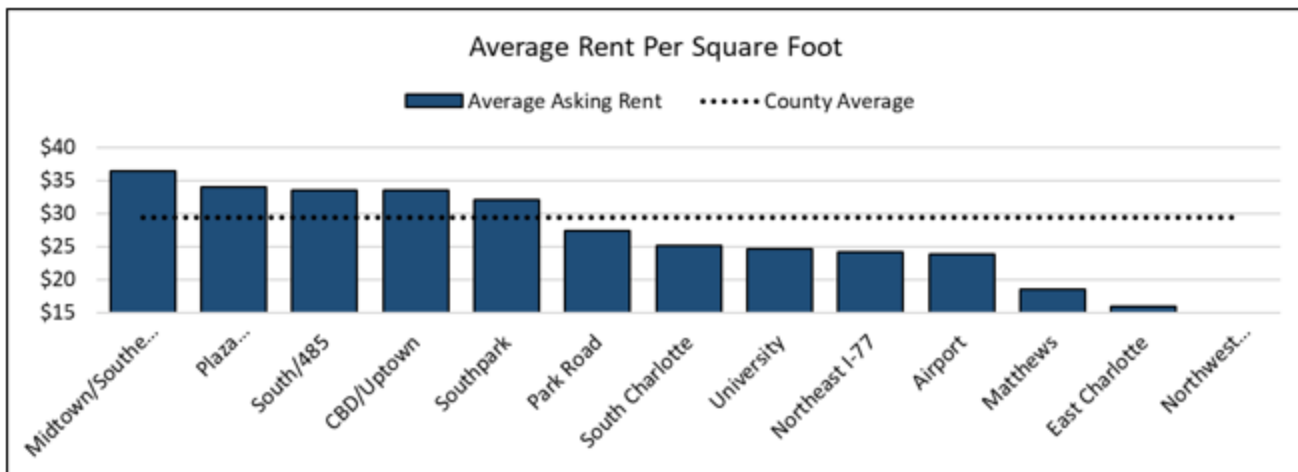
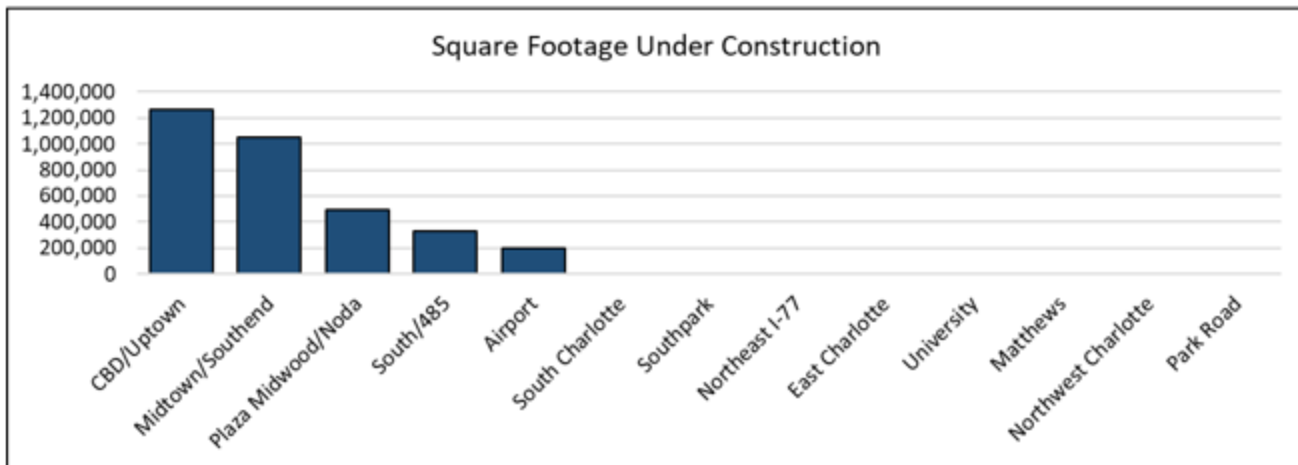
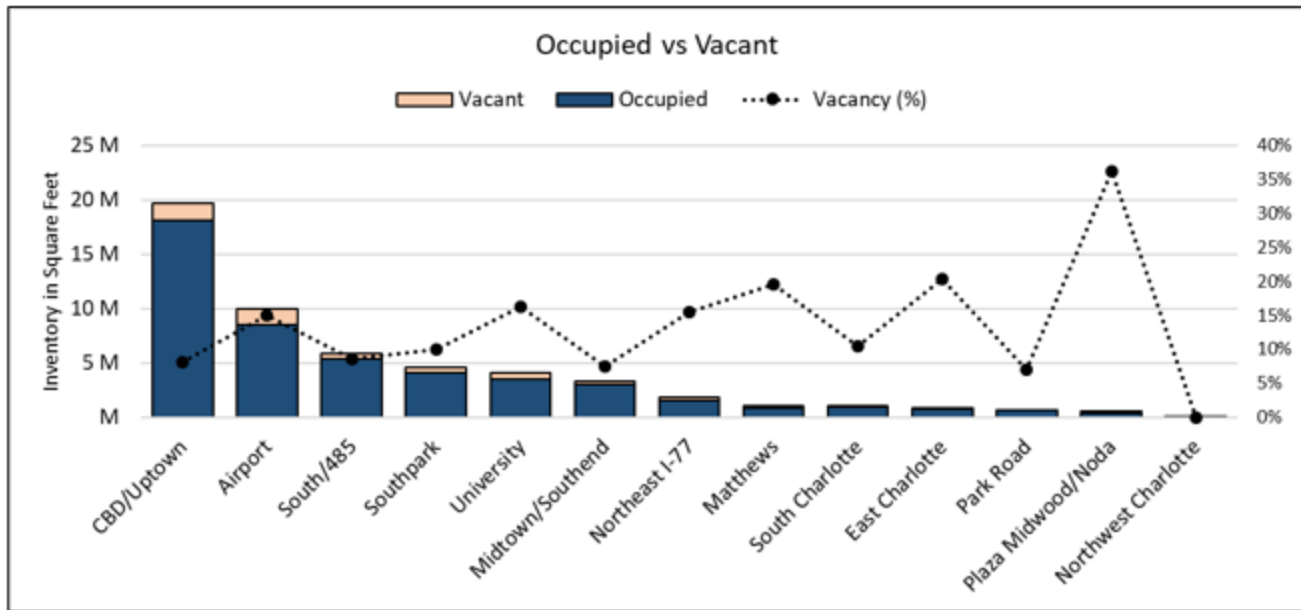
## Urban Market

Of the 3.3 million square feet under construction 2.3 million resides in CBD/Uptown and Midtown markets. A total of two new buildings were added this quarter bringing the total to 97 with 23 million square foot. The urban market also experienced the largest decrease in vacancy rates moving from 10.2% to 8.1%. Given that approximately one-third of the new construction in the urban market is speculative meaning that the building is under construction without a set tenant or purpose we can expect the vacancy rate to increase as new deliveries become available. Market demand remains strong as rates have risen to an average of \$33.82, an increase of 3.7% from the previous quarter.

## Suburban Market

The suburban market of the County has also continued to perform well with 1 million square feet of space under construction. This quarter saw the delivery of a new building in the South/485 market of approximately 200k square foot. Also, in the South/485 market another 328k square feet of construction is under development. Overall the suburban market marginally improved from last quarter with vacancy rates lower by 30 basis points at 13.5%, while asking rates were up by 1.3%. The most notable change in rates occurred in Plaza Midwood / Noda with rates increasing from \$31.23 to \$34.04.





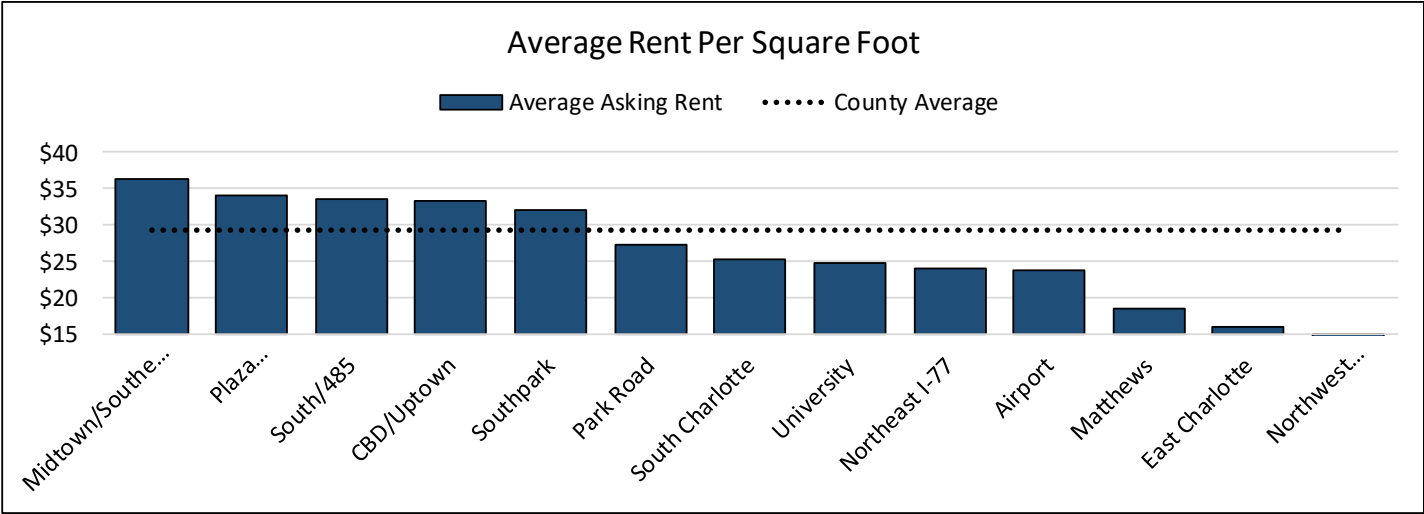
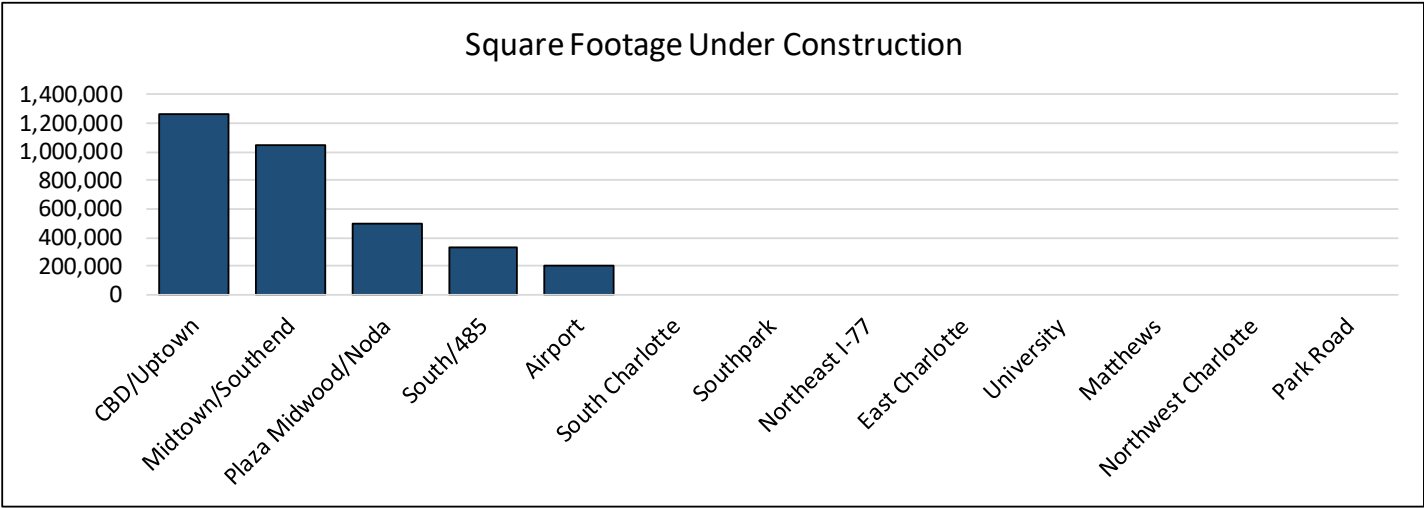
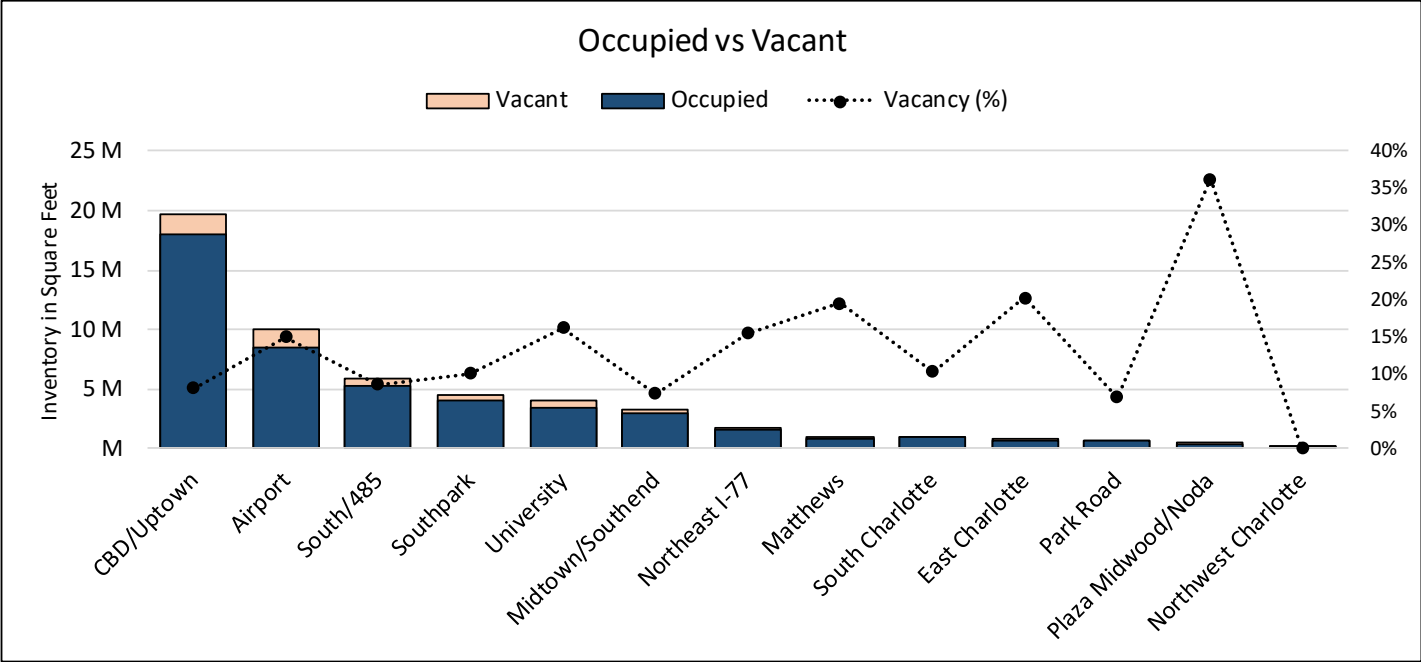


### OFFICE MARKET STATISTICS - THIRD QUARTER 2019

Submarket	Total Buildings	Inventory (SF)	Direct Vacant (SF)	Total Vacant (SF)	Overall Vacancy	YTD Net Absorption	YTD Deliveries (SF)	Under Construction	Average Asking Rent
CBD/Uptown	45	19,679,642	1,544,190	1,605,767	8.2%	1,254,983	876,776	1,260,915	\$33.41
Midtown/Southend	52	3,262,806	223,416	242,987	7.4%	812,842	932,153	1,046,460	\$36.31
<b>Urban Market Total</b>	<b>97</b>	<b>22,942,448</b>	<b>1,767,606</b>	<b>1,848,754</b>	<b>8.1%</b>	<b>2,067,775</b>	<b>1,808,929</b>	<b>2,307,375</b>	<b>\$33.82</b>
Northeast I-77	28	1,827,698	237,484	262,639	15.5%	4,942	-	-	\$24.11
Northwest Charlotte	1	23,278	-	0	0.0%	0	-	-	\$0.00
University	42	4,117,874	621,946	666,802	16.2%	90,190	-	-	\$24.67
Plaza Midwood/Noda	6	529,151	191,898	191,936	36.3%	135,765	287,701	485,739	\$34.04
Airport	116	10,003,199	1,398,787	1,497,261	15.0%	178,884	124,896	202,469	\$23.81
Park Road	7	658,415	45,912	45,912	7.0%	18,060	-	-	\$27.37
Matthews	25	1,065,780	208,012	208,012	19.5%	-2,241	-	-	\$18.48
South/485	52	5,854,631	462,043	503,222	8.6%	273,874	352,831	328,000	\$33.51
South Charlotte	19	1,060,386	102,050	110,011	10.4%	-8,277	-	-	\$25.18
East Charlotte	16	870,346	176,736	176,736	20.3%	-24,476	-	-	\$15.90
Southpark	38	4,551,321	337,095	457,708	10.1%	128,014	-	-	\$32.04
<b>Suburban Market Total</b>	<b>350</b>	<b>30,562,079</b>	<b>3,782,001</b>	<b>4,140,239</b>	<b>13.5%</b>	<b>794,735</b>	<b>765,428</b>	<b>1,026,208</b>	<b>\$26.90</b>
<b>Class A</b>	<b>212</b>	<b>37,872,667</b>	<b>3,584,850</b>	<b>3,922,940</b>	<b>10.4%</b>	<b>2,603,198</b>	<b>2,432,660</b>	<b>3,064,575</b>	<b>\$31.64</b>
<b>Class B</b>	<b>235</b>	<b>15,631,860</b>	<b>1,964,757</b>	<b>2,066,053</b>	<b>13.2%</b>	<b>299,312</b>	<b>141,697</b>	<b>269,008</b>	<b>\$24.46</b>
<b>Charlotte Metro Total</b>	<b>447</b>	<b>53,504,527</b>	<b>5,549,607</b>	<b>5,988,993</b>	<b>11.2%</b>	<b>2,862,510</b>	<b>2,574,357</b>	<b>3,333,583</b>	<b>\$29.32</b>

### OFFICE MARKET STATISTICS - SECOND QUARTER 2019

Submarket	Total Buildings	Inventory (SF)	Direct Vacant (SF)	Total Vacant (SF)	Overall Vacancy (%)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)	Average Asking Rent
CBD/Uptown	45	19,231,596	1,771,766	1,890,211	9.8%	1,028,647	853,073	1,260,915	\$33.11
Midtown/Southend	50	3,121,390	361,898	378,644	12.1%	555,427	813,220	708,713	\$35.77
<b>Urban Market Total</b>	<b>95</b>	<b>22,352,986</b>	<b>2,133,664</b>	<b>2,268,855</b>	<b>10.2%</b>	<b>1,584,074</b>	<b>1,666,293</b>	<b>1,969,628</b>	<b>\$32.62</b>
Northeast I-77	28	1,827,698	224,383	269,538	14.7%	18,043	-	-	\$23.67
Northwest Charlotte	1	23,278	-	0	0.0%	0	-	-	-
University	42	4,094,321	718,480	761,447	18.6%	-6,344	-	-	\$24.02
Plaza Midwood/Noda	6	669,585	171,731	171,731	25.6%	113,620	245,351	437,322	\$31.23
Airport	117	10,055,895	1,427,542	1,493,005	14.8%	214,062	63,893	202,469	\$23.88
Park Road	7	658,415	49,107	49,107	7.5%	14,865	-	-	\$27.38
Matthews	25	1,065,780	186,631	186,631	17.5%	19,140	-	-	\$18.64
South/485	51	5,647,289	453,616	483,422	8.6%	83,470	154,000	526,831	\$33.16
South Charlotte	19	1,060,386	74,431	76,179	7.2%	19,342	-	-	\$24.89
East Charlotte	16	870,346	175,671	175,671	20.2%	-23,411	-	-	\$15.90
Southpark	38	4,506,613	418,477	533,010	11.8%	46,632	-	-	\$31.84
<b>Suburban Market Total</b>	<b>350</b>	<b>30,479,606</b>	<b>3,900,069</b>	<b>4,199,741</b>	<b>13.8%</b>	<b>499,419</b>	<b>463,284</b>	<b>1,166,622</b>	<b>\$26.55</b>
<b>Class A</b>	<b>209</b>	<b>37,022,095</b>	<b>4,034,392</b>	<b>4,422,960</b>	<b>11.9%</b>	<b>1,858,765</b>	<b>1,987,880</b>	<b>2,970,068</b>	<b>\$31.07</b>
<b>Class B</b>	<b>236</b>	<b>15,810,497</b>	<b>1,999,341</b>	<b>2,045,636</b>	<b>12.9%</b>	<b>224,728</b>	<b>141,697</b>	<b>166,182</b>	<b>\$23.81</b>
<b>Charlotte Metro Total</b>	<b>445</b>	<b>52,832,592</b>	<b>6,033,733</b>	<b>6,468,596</b>	<b>12.2%</b>	<b>2,083,493</b>	<b>2,129,577</b>	<b>3,136,250</b>	<b>\$28.81</b>



## Mecklenburg Warehouse Market Statistics

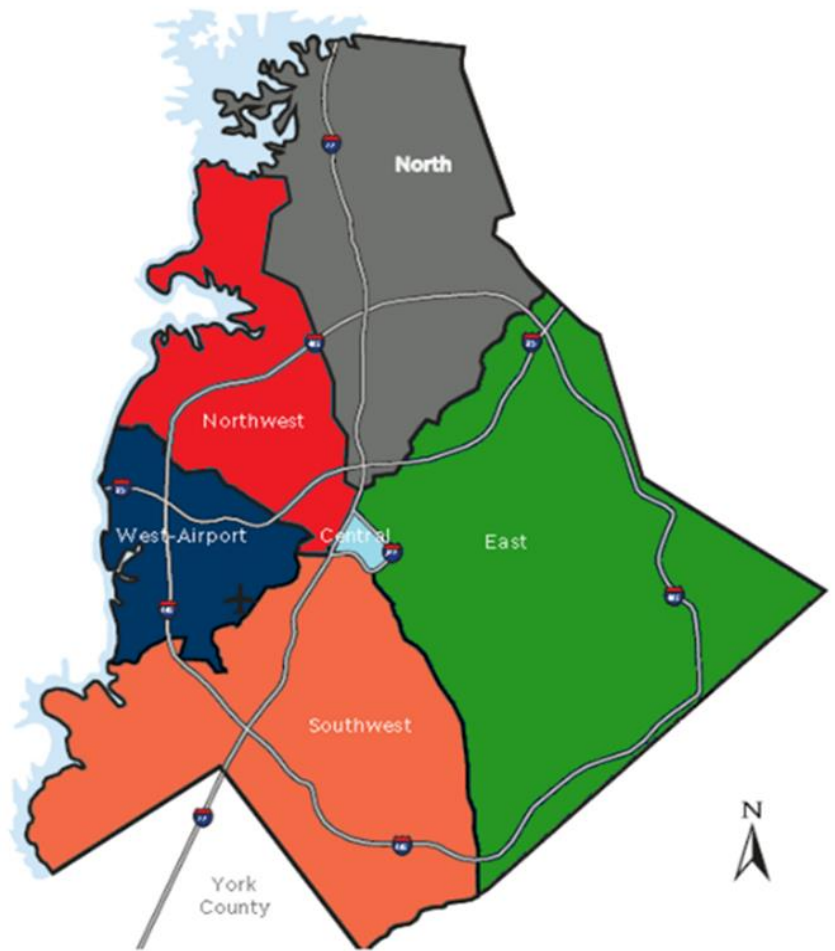
*Mecklenburg County's warehouse market delivered 1.5 million square foot of office space in the third quarter with another 3 million square foot completed.*

### Market Outlook

In the third quarter, 10 new warehouse buildings were constructed for a total of 1.5 million new square feet of warehouse space delivered in the County. This is a little over three times the square footage delivered in the second quarter.

As anticipated in last quarter's report, the new inventory slightly increased the vacancy rate from 5.6% to 6%, while also reducing the rental rate from \$6.02 to \$5.99. The relatively small degree of change reflects the still healthy demand for the space coming online. The County will likely see similar results next quarter as another 1 million square foot of warehousing space is projected to come online.

85% of the new construction is being built in southwestern portions of the County, split amongst the Southwestern (1.5M) and West-Airport markets (1.0M). Because the asking rates in these markets are lower than the county average, the overall County average rental rates will also likely decline slightly with the new inventory being built in these portions of the County.



### INDUSTRIAL MARKET STATISTICS - Q3 2019

Submarket	Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF
<b>Warehouse</b>									
Central	150	4,305,159	83,307	1.9%	(24,309)	44,735	-	-	\$12.62
East	228	10,374,093	280,060	2.7%	(96,664)	(102,345)	-	24,000	\$5.08
North	588	32,374,255	1,531,949	4.7%	(26,778)	(53,259)	359,809	281,513	\$6.16
Northwest	226	13,565,755	647,543	4.8%	85,851	704,631	-	32,000	\$4.00
Southwest	478	42,841,918	3,381,774	7.9%	85,008	(14,981)	84,196	1,581,524	\$4.97
West Airport	486	21,738,994	1,587,150	7.3%	988,654	750,180	1,065,401	1,029,807	\$5.39
<b>Flex</b>									
Central	13	558,571	39,868	7.1%	-	(16,687)	-	-	\$24.61
East	74	3,034,288	115,586	3.8%	(36,045)	(73,653)	-	-	\$5.34
North	117	4,814,716	446,355	9.3%	(40,710)	(108,466)	-	-	\$9.50
Northwest	12	533,178	-	0.0%	-	15,015	-	-	0
Southwest	126	4,942,885	276,113	5.6%	(24,687)	91,435	-	104,000	\$9.46
West Airport	137	4,502,055	177,887	4.0%	61,290	34,500	-	-	\$10.41
<b>By Property Type</b>									
Total Warehouse	2,156	125,200,174	7,511,783	6.0%	1,011,762	1,328,961	1,509,406	2,948,844	\$5.52
Total Flex	479	18,385,693	1,055,809	5.7%	(40,152)	(57,856)	-	104,000	\$9.21
Mecklenburg Total	2,635	143,585,867	8,567,592	6.0%	971,610	1,271,105	1,509,406	3,052,844	\$5.99

### INDUSTRIAL MARKET STATISTICS - Q2 2019

Submarket	Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF
<b>Warehouse</b>									
Central	151	4,326,274	96,198	2.2%	7,233	(1,628)	-	-	\$12.95
East	228	10,371,420	216,248	2.1%	38,668	(14,838)	-	24,000	\$5.10
North	586	32,023,289	1,146,352	3.6%	(176,776)	49,880	168,480	543,672	\$6.11
Northwest	226	13,558,163	632,176	4.7%	626,271	771,434	-	32,000	\$3.98
Southwest	477	42,480,335	3,402,746	8.0%	3,402,746	(109,145)	-	1,435,106	\$4.82
West Airport	479	20,565,169	1,456,042	7.1%	1,456,042	(182,823)	240,818	2,179,253	\$5.25
<b>Flex</b>									
Central	13	558,481	39,868	7.1%	(11,940)	(9,276)	-	-	\$24.61
East	74	3,034,288	79,541	2.6%	(35,655)	(28,642)	-	-	\$6.07
North	118	4,836,423	387,957	8.0%	(196,867)	6	-	-	\$9.97
Northwest	12	533,178	-	0.0%	-	20,915	-	-	\$9.60
Southwest	124	4,848,270	251,426	5.2%	57,405	129,212	-	104,000	\$9.43
West Airport	137	4,545,935	239,177	5.3%	(54,261)	50,497	-	-	\$11.00
<b>By Property Type</b>									
Total Warehouse	2,147	123,324,650	6,949,762	5.6%	5,354,184	512,880	409,298	4,214,031	\$5.44
Total Flex	478	18,356,575	997,969	5.4%	(241,318)	162,712	-	104,000	\$9.87
Mecklenburg Total	2,625	141,681,225	7,947,731	5.6%	5,112,866	675,592	409,298	4,318,031	\$6.02



INDUSTRIAL MARKET STATISTICS - CURRENT VS PREVIOUS QUARTER										
Submarket	Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF	
Warehouse										
Central	(1)	(21,115)	(12,891)	-0.30%	(31,542)	46,363	-	-	\$	(0.33)
East	-	2,673	63,812	0.60%	(135,332)	(87,507)	-	-	\$	(0.02)
North	2	350,966	385,597	1.10%	149,998	(103,139)	191,329	(262,159)	\$	0.05
Northwest	-	7,592	15,367	0.10%	(540,420)	(66,803)	-	-	\$	0.02
Southwest	1	361,583	(20,972)	-0.10%	(3,317,738)	94,164	84,196	146,413	\$	0.15
West Airport	7	1,173,825	131,108	0.20%	(467,388)	933,003	824,583	(1,149,445)	\$	0.14
Flex										
Central	-	90	-	0.00%	11,940	(7,411)	-	-	\$	-
East	-	-	56,045	1.20%	(390)	(45,011)	-	-	\$	(0.73)
North	(1)	(21,707)	58,398	1.30%	56,157	(108,472)	-	-	\$	(0.47)
Northwest	-	-	-	0.00%	-	(5,900)	-	-	\$	(9.60)
Southwest	2	94,615	24,587	0.40%	(82,092)	(37,777)	-	-	\$	0.03
West Airport	-	(43,880)	(61,290)	-1.30%	115,551	(15,997)	-	-	\$	(0.59)
By Property Type										
Total Warehouse	9	1,875,524	562,021	0.36%	(4,342,422)	816,081	1,100,108	(1,265,187)	\$	0.07
Total Flex	1	29,118	57,840	0.31%	201,166	(220,568)	-	-	\$	(0.65)
Mecklenburg Total	10	1,904,642	619,861	0.36%	(4,141,256)	595,513	1,100,108	(1,265,187)	\$	(0.03)

INDUSTRIAL MARKET STATISTICS - CURRENT VS PREVIOUS QUARTER										
Submarket		Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF
Warehouse										
Central		-0.7%	-0.5%	-15.5%	-15.8%	129.8%	103.6%			-2.6%
East		0.0%	0.0%	22.8%	22.2%	140.0%	85.5%		0.0%	-0.4%
North		0.3%	1.1%	25.2%	23.4%	-560.2%	193.7%	53.2%	-93.1%	0.8%
Northwest		0.0%	0.1%	2.4%	2.1%	-629.5%	-9.5%		0.0%	0.5%
Southwest		0.2%	0.8%	-0.6%	-1.3%	-3902.9%	-628.6%	100.0%	9.3%	3.0%
West Airport		1.4%	5.4%	8.3%	2.7%	-47.3%	124.4%	77.4%	-111.6%	2.6%
Flex										
Central		0.0%	0.0%	0.0%	0.0%		44.4%			0.0%
East		0.0%	0.0%	31.2%	31.6%	1.1%	61.1%			-13.7%
North		-0.9%	-0.5%	13.1%	14.0%	-383.6%	100.0%			-4.9%
Northwest		0.0%	0.0%				-39.3%			
Southwest		1.6%	1.9%	8.9%	9.1%	332.5%	-41.3%		0.0%	0.3%
West Airport		0.0%	-1.0%	-34.5%	-32.5%	188.5%	-46.4%			-5.7%
By Property Type										
Total Warehouse		0.4%	1.5%	7.5%	6.1%	-429.2%	61.4%	72.9%	-42.9%	1.4%
Total Flex		0.2%	0.2%	5.5%	5.3%	-501.0%	381.2%		0.0%	-7.2%
Mecklenburg Total		0.4%	1.3%	7.2%	6.0%	-426.2%	46.9%	72.9%	-41.4%	-0.4%

Green bars are positive year-over-year factors, red are negative factors. IE both inventory and vacancy are up in a given market red is used for the increased vacancy and green is used to designate the increased inventory.

Source: Cushman & Wakefield Charlotte NC Industrial MarketBeat Report

## Mecklenburg County Housing Market Statistics

*The housing market picked up in the latter half of the year closing out 2019 with home prices up 6.9% for the year.*

Mecklenburg County's year-over-year home sales for December increased 4.8%, with 1,592 properties sold compared to 1,374 properties over the same period last year. Pending sales are up 24.5% for the month with 1,255 this year compared to 1,008 in the previous year.

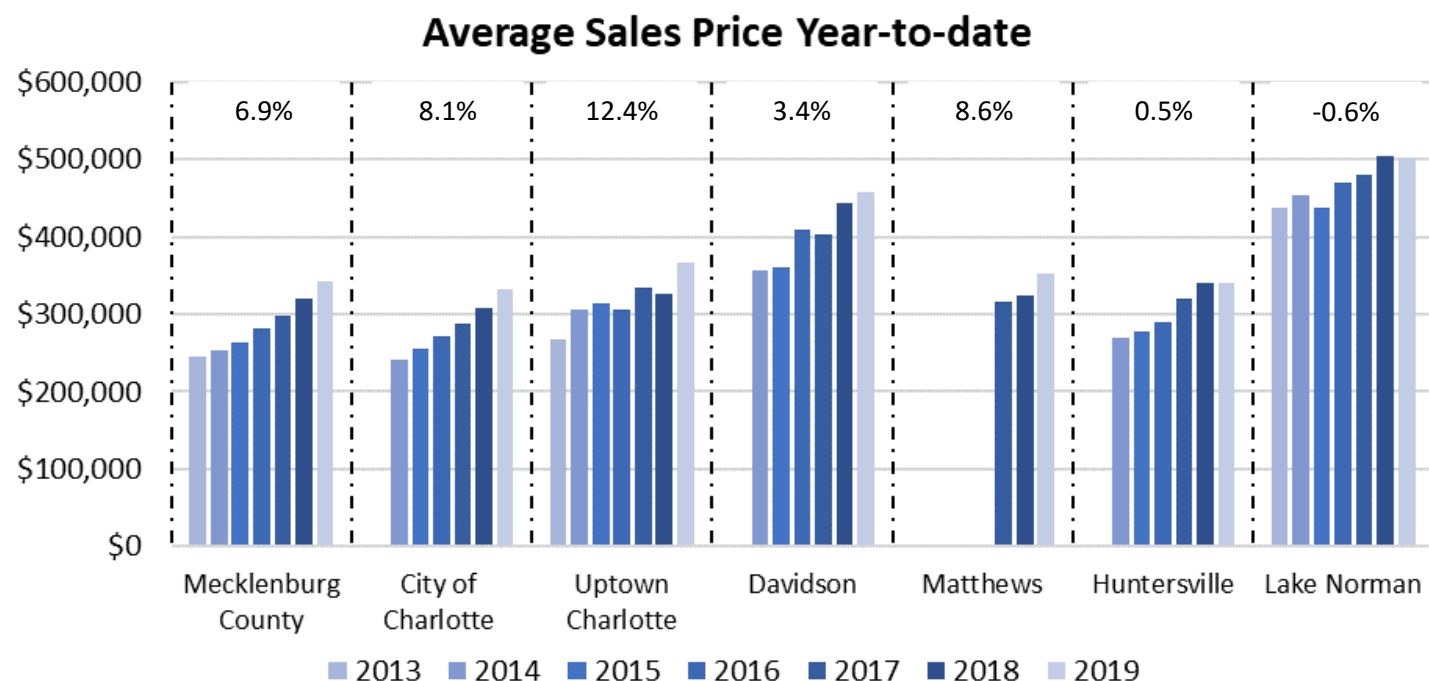
New listings year-over-year were up 11.5% with 1,119 properties up for sale compared to 1,004 properties up for sale over the same period last year.

The average home price in December for the County is up year-over-year by 11.5% at \$344,485 compared to \$309,071 in December 2018.

Overall, strong demand for housing continues to push prices higher and with new listings up 11.5% and pending sales up 24.5%, we can expect to see strong growth in housing moving into Spring.

The chart below shows year-to-date average home prices for each of the submarkets this report covers. As shown in the chart below the only market that did not see an increase in home prices was the Lake Norman market (down -0.6%).

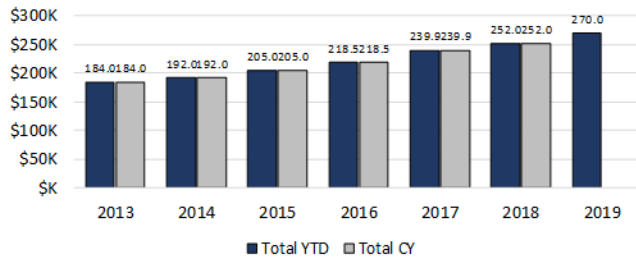
The submarkets showing the most growth for the year were Uptown Charlotte (up 12.4%), Matthews (up 8.4%), and the City of Charlotte (up 8.1%).



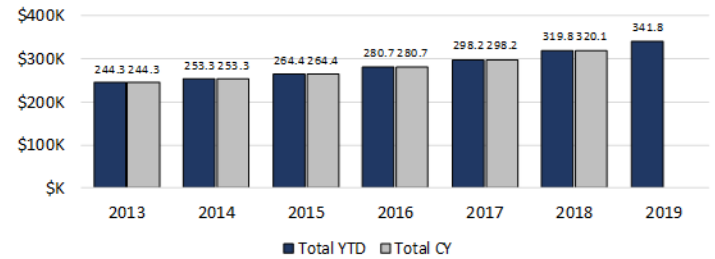
Mecklenburg County			December		Year to Date		
Key Metrics	2018	2019	Percent Change	Thru 12-2018	Thru 12-2019	Percent Change	
New Listings	1,004	1,119	↑11.5%	24,522	25,090	↑2.3%	
Pending Sales	1,008	1,255	↑24.5%	19,679	21,437	↑8.9%	
Closed Sales	1,374	1,592	↑15.9%	19,864	20,817	↑4.8%	
Median Sales Price*	248,000	275,000	↑10.9%	252,000	270,000	↑7.1%	
Average Sales Price*	309,071	344,485	↑11.5%	319,780	341,778	↑6.9%	
Percent of Original List Price Received	96.7%	96.5%	↓0.2%	97.7%	97.1%	↓0.6%	
List to Close	97	91	↓6.2%	83	86	↑3.6%	
Days on Market Until Sale	42	41	↓2.4%	33	37	↑12.1%	
Cumulative Days on Market Until Sale	49	47	↓4.1%	40	45	↑12.5%	
Inventory of Homes for Sale	3,349	2,516	-24.9%				
Months Supply of Inventory	2.0	1.4	-30.0%				

\* Does not account for sale concessions and /or down payment assistance.

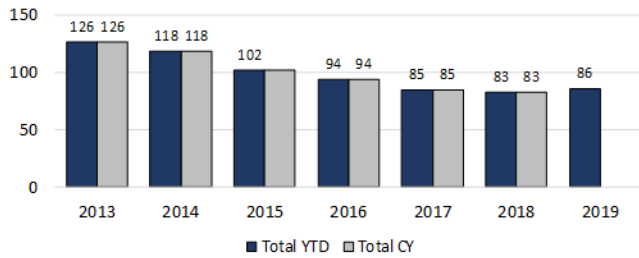
Median Sales Price



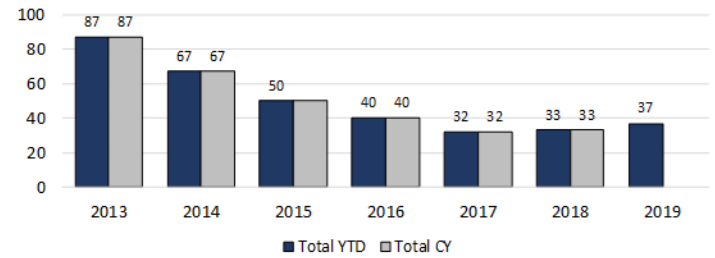
Average Sales Price



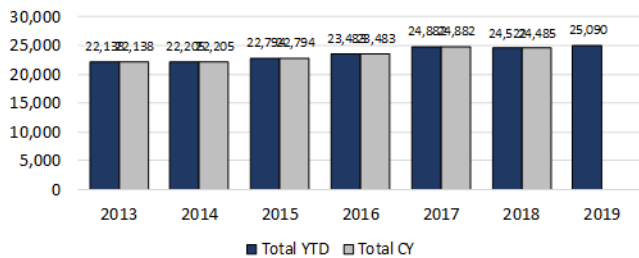
List to Close



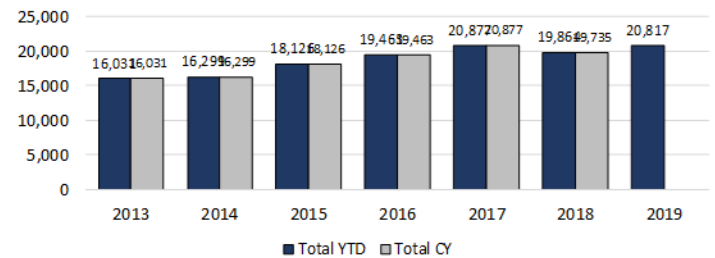
Days on Market Until Sale



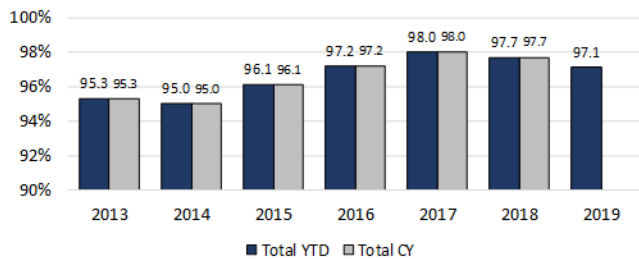
New Listings



Closed Sales



Percent of Original List Price Received



Cumulative Days on Market Until Sale

